

Message Text

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ACTION ABF-01

INFO OCT-01 NEA-14 ISO-00 AID-20 TRSE-00 AGR-20 FS-01

OMB-01 SSO-00 L-03 IGA-02 FBO-01 A-01 HEW-08 LOC-01

INT-08 INRE-00 CIAE-00 COME-00 DODE-00 DOTE-00 EB-11

EPA-04 HUD-02 INR-10 NASA-04 NSAE-00 NSF-04 RSC-01

SCI-06 SMI-01 XMB-07 OC-06 CCO-00 /138 W

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R 051635Z JUL 74

FM AMEMBASSY NEW DELHI

TO SECSTATE WASHDC 2497

LIMITED OFFICIAL USE NEW DELHI 8962

E.O. 11652: N/A

TAGS: ABUD, EFIN, AFIN, IN

SUBJECT: RUPEES: USE OF ACCOUNTS FY 1975/77

REF: STATE 144385

1. IN ACCORDANCE WITH INSTRUCTIONS CONTAINED REFTEL WE WILL CHARGE ALL EXPENDITURES FOR UNDISBURSED AID GRANTS, FBO, L/C, HEW/SRS AND INTERIOR FROM THE COOLEY "A" ACCOUNT AND CONVERSIONS AND AID TO NEPAL FROM COOLEY "B" ACCOUNT. ALL OTHER EXPENDITURES WILL BE CHARGED TO THE RUPEE ACCOUNT.

2. WITH REGARD TO THE ABOVE, WE WOULD LIKE CLARIFICATION ON THE FOLLOWING POINTS:

A. WHETHER NEW, AS OPPOSED TO UNDISBURSED PL 480 AID GRANTS CONTEMPLATED PARA 4, REFTEL, COME FROM COOLEY "A" OR COOLEY "B"?

B. THAT ALL FBO EXPENDITURES ARE TO COME FROM COOLEY "A" ACCOUNT.

C. THAT DISBURSEMENTS ON JOINT RESEARCH PROJECTS ENTERED INTO PRIOR TO JUNE 1972 WILL BE MET FROM THE RUPEE ACCOUNT, EVNE
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THOUGH WE HAVE INDICATED TO GOI THAT SUCH PROJECTS WOULD BE

FINANCED FROM COOLEY "A" ACCOUNT.

D. WHETHER OMISSION OF INTERIOR DEPARTMENT IN PARA 1 OF REFTEL WAS AN OVERSIGHT.

3. GLAD TO GET THE WORD THAT SUSPENSION OF PAYMENTS FROM COOLEY ACCOUNTS HAS BEEN LIFTED. WE WILL START MAKING DISBURSEMENTS FROM THESE ACCOUNTS TODAY FOR THE PURPOSES SET OUT IN PARA 1, ABOVE.

4. WE HAVE NO COMMENT ON THE NUMBERS CONTAINED IN PARAS 6 AND 7, REFTEL, EXCEPT THAT THE RESULTS DEPEND ALMOST ENTIRELY ON THE ASSUMPTION REGARDING THE TIMING WHEN FBO, L/C, HEW/SRS AND INTERIOR SECURE CONGRESSIONAL AUTHORITY TO USE NON-PL 480 RUPEES. STATE'S NUMBERS CONTAINED PARAS 6 AND 7 ASSUME THAT NONE OF THESE AGENCIES WILL RECEIVE THIS AUTHORITY DURING THE THREE-YEAR PERIOD IN QUESTION. WHILE THIS IS POSSIBLE, WE DOUBT IT WILL HAPPEN. ALTHOUGH WE AGREE THAT PRUDENCE WOULD DICTATE SUCH AN ASSUMPTION FOR THE MONEY MANAGERS CONCERNED, ANY ASSUMPTIONS ABOUT THIS AND THE FIGURES THAT FLOW FROM THE ASSUMPTIONS MUST BE TENTATIVE. IF THESE AGENCIES SECURE CONGRESSIONAL AUTHORITY, THIS SHOULD ELIMINATE THE ANTICIPATED SHORTFALL OF RS. 9.9 MILLION FOR NEPAL IN FY 1977 AND THE NEED TO BORROW FROM COOLEY "B" IN FY 1976 AND 1977. IT WOULD ALSO MEAN THAT SUFFICIENT FUNDS WOULD BE AVAILABLE FOR NEW PL 480 AID GRANTS FROM EITHER THE COOLEY "A" OR COLLEY "B" ACCOUNTS BEFORE FY 1978.

5. WE ARE PUZZLED BY SUGGESTION PARA 2, REFTEL, THAT WE CONSIDER ALL EXPENDITURES BETWEEN FEBRUARY 18 AND JUNE 30 AS COMING FROM THE TRANSITION ACCOUNT. IT HAS BEEN OUR UNDERSTANDING ALL ALONG--AND IT CERTAINLY IS THE GOI'S UNDERSTANDING--THAT OUR EXPENDITURES ON AID GRANTS AND FBO CAPITAL EXPENDITURES WOULD BE MET FROM THE COOLEY ACCOUNT FROM FEBRUARY 18 ONWARD. BASED ON THIS UNDERSTANDING WE HAD ALREADY TRANSFERRED RS. 10 MILLION FROM THE COOLEY ACCOUNT IN EARLY APRIL AND RETURNED THE JUNE 30 OUTSTANDING BALANCE IN THE TRANSITION ACCOUNT TO THE GOI ON JULY 3, 1974. YOUR MESSAGE, SENT AT 1757 HOURS, JULY 3 WASHINGTON TIME, REACHED US THE MORNING OF JULY 4.
SCHNEIDER

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